

# **Identifying and Predicting Disruptive Innovations in the Marketplace**

*TREO Talk Paper*

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## **Abstract**

Christensen's identification of disruptive innovations may be the most important development in innovation theory of the last twenty five years (Christensen 2013). Yet since the identification of disruptive innovations there have been numerous calls for theoretical development (Markides 2006, Christensen, McDonald, Altman, & Palmer 2018). What are the characteristics of a disruptive innovation (Gobble 2016, Nagy, Schuessler, & Dubinsky 2016)? What makes an innovation disruptive to some, but not to others (Schmidt & Druehl 2008)? What is the disruptive process (Petzold, Landinez & Baaken 2019, and O'Reilly & Binns 2019)? To date, the details of a disruptive innovation are neither clearly understood nor readily predicted (Christensen et. al 2018). But the idea that an innovation can drastically change marketplace expectations, or disrupt a marketplace, is widely accepted (Christensen 2013). Because theory is unclear, some researchers have pondered if incumbent organizations are fated to marketplace disruptions (Christensen 2013).

The fate of marketplace disruption is not destiny. Disruptive innovations can be identified and predicted within an organizational context (Nagy et. al 2016). We present a model that extends these concepts to the marketplace. Then, by integrating innovation diffusion (Rogers 2010) and technology adoption concepts (Venkatesh, Thong, & Xu 2012), our model highlights the disruptive effects of innovations on marketplaces. This model not only identifies constructs, but also proposes theoretical relationships highlighting the process of disruptive innovation. Variables are grouped into four constructs: 1) the innovation itself, 2) the Value Chain (or Value System) that created the innovation, 3) the channel from the Value Chain to the marketplace, and 4) customer characteristics (Nagy et. al 2016, Handfield, Blackhurst, Elkins, & Craighead 2007, and Vecchiato 2017). Our model then draws upon innovation diffusion theory and technology adoption to highlight the interaction of these constructs. The model highlights how the objective values of innovations and Value Systems variables become relative to other innovations and other Value Systems through channels and marketplace competition for customers. Therefore the model created by the relationships between the four constructs can be used to identify and predict marketplace disruptions.